

H U G O B O S S

Third Quarter Results 2017

Mark Langer, CEO

Metzingen – November 2, 2017



HUGO BOSS

High profile events and campaigns drive brand awareness

BOSS
HUGO BOSS



“Own Your Journey”
Social media campaign



“Gallery Collection”
BOSS Womenswear

HUGO
HUGO BOSS



Bread & Butter
by Zalando

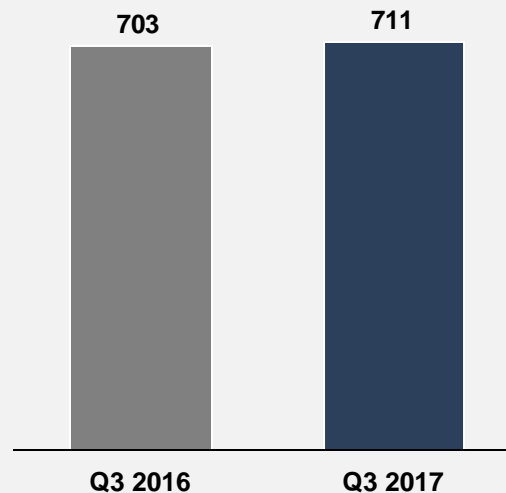
HUGO BOSS records solid sales increase in the third quarter

- Improved sales momentum in own retail
- Healthy increases in Europe and China
- US retail business returns to comp store sales growth

Group Sales (in EUR million)

+1 %

+3 % fx-adjusted



Sales growth in Europe driven by own retail and wholesale

- 9% currency-adjusted sales growth in the UK
- 5% sales growth in Germany, 4% in Benelux
- Business in France up slightly

Europe Sales (in EUR million)

+4 %

+5 % fx-adjusted



457

474

Q3 2016

Q3 2017

Disparate sales trends in the Americas

- Good growth in Latin America and Canada offset by 9% decline in the US
- US wholesale business down at a double-digit rate, full year outlook unchanged
- Positive trend in U.S. own retail continues

Americas Sales

(in EUR million)

(8) %

(4) % fx-adjusted



147

136

Q3 2016

Q3 2017

China remains growth engine in Asia/Pacific

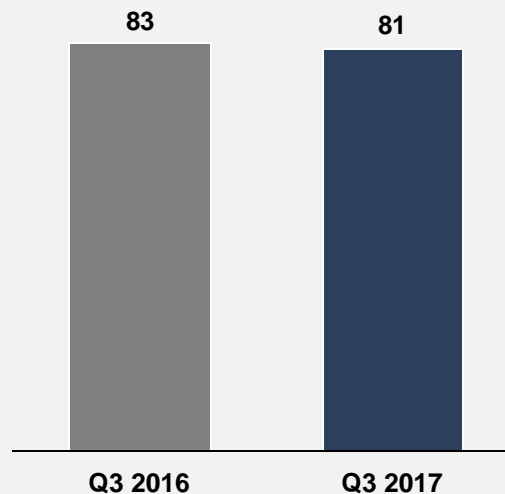
- China up 5% driven by good growth in Mainland China
- Double-digit sales growth in Japan due to strong tourist demand
- Sales in Australia flat

Asia/Pacific Sales

(in EUR million)

(2) %

+4 % fx-adjusted



Comp store sales growth in own retail accelerates

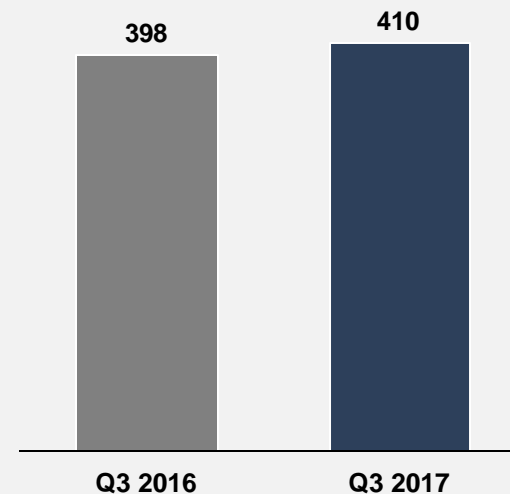
- All regions contribute to 5% comp store sales increase
- Directly operated stores outperform outlets on a comp store basis
- Online business up 6%

Retail Sales

(in EUR million)

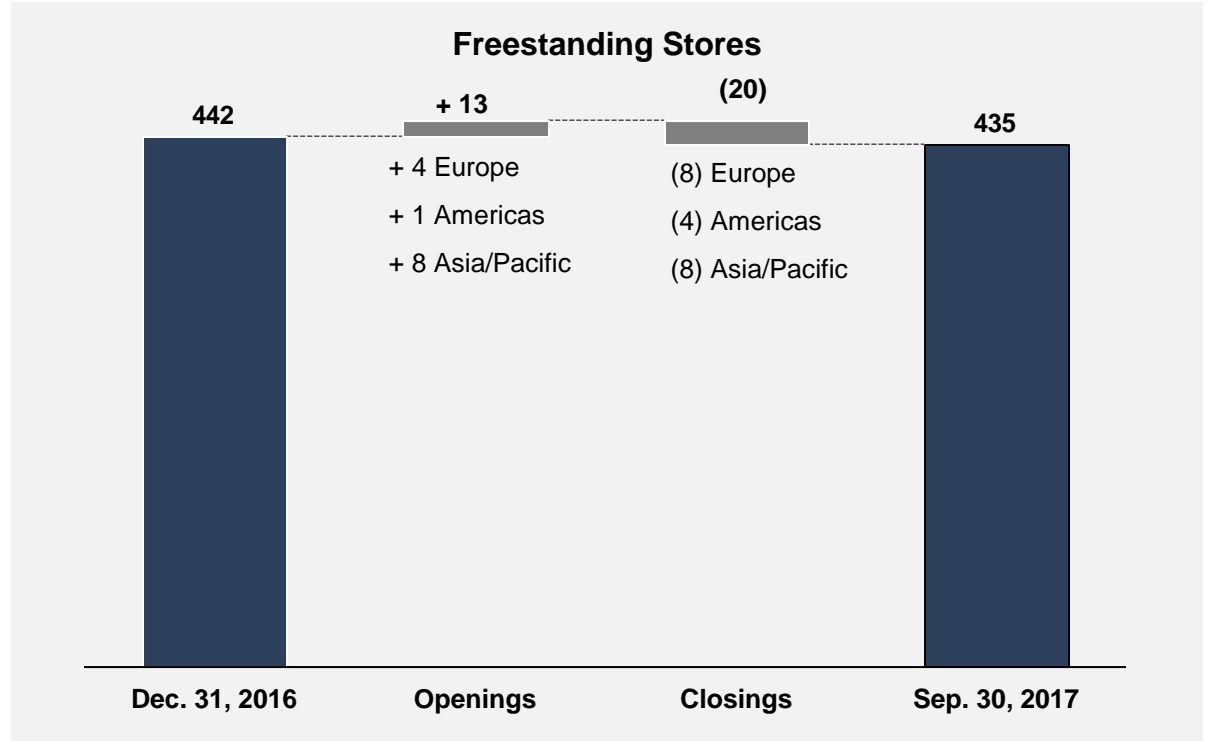
+3 %

+6 % fx-adjusted



First BOSS stores refurbished with new store concept

BOSS Store Geneva • Re-opening October 2017 •



Wholesale sales decline slightly

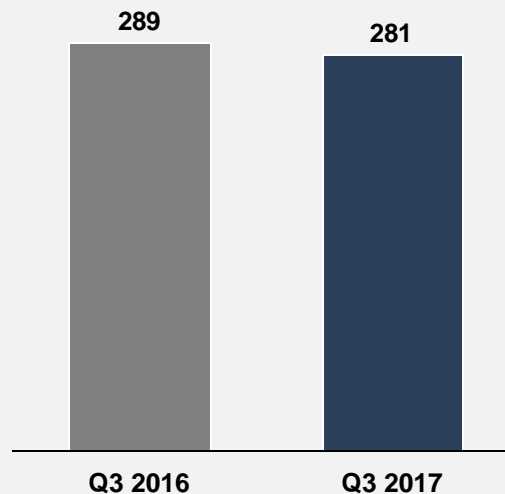
- Changes in timing of deliveries have net neutral impact
- First positive feedback on Pre-Fall 2018 collection
- Challenging overall market conditions set to continue

Wholesale Sales

(in EUR million)

(3) %

(1) % fx-adjusted



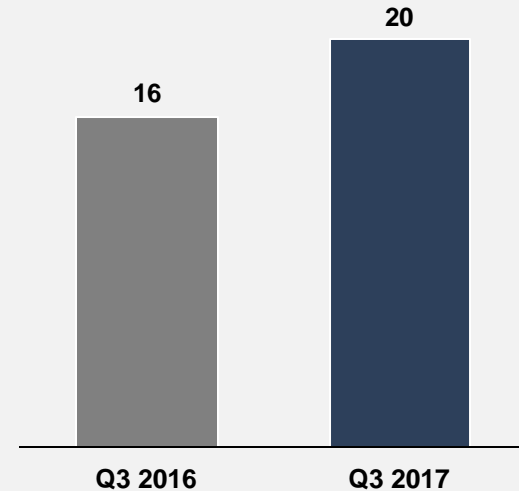
Strong fragrance business boosts license sales



License Sales
(in EUR million)

+24 %

+24 % fx-adjusted

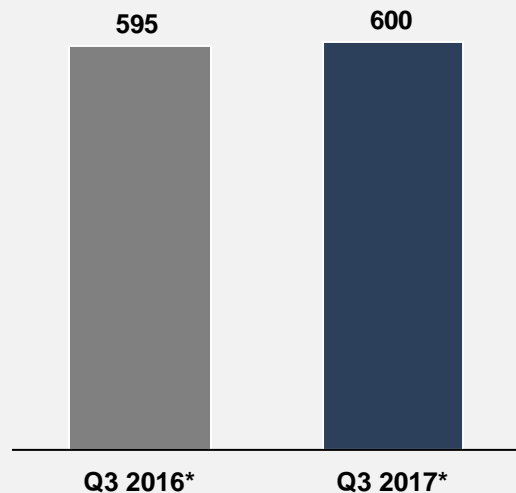


Sales up across both brands

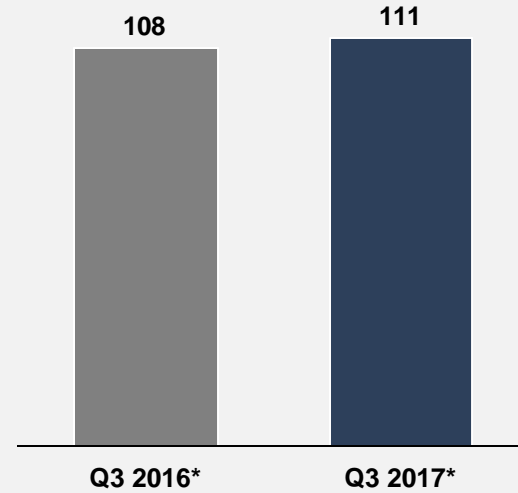
- BOSS sales increase across all wearing occasions
- Solid growth of HUGO driven by region Europe
- Menswear up 4%, womenswear down 1%

BOSS
HUGO BOSS**+1 %**

+3 % fx-adjusted

**HUGO**
HUGO BOSS**+3 %**

+4 % fx-adjusted

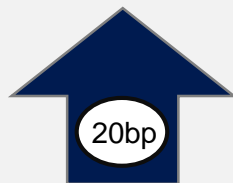


*in EUR million.

Investments in future growth and currency effects weigh on operating profit

Gross margin

64.9 %



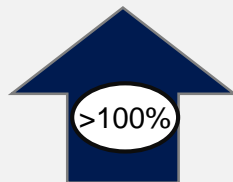
Administration expenses

67 EUR million



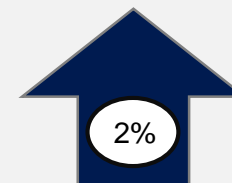
Special items

5 EUR million



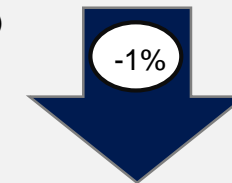
Selling & Distribution expenses

284 EUR million



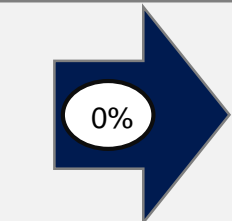
EBITDA (before special items)

143 EUR million



Net income

80 EUR million

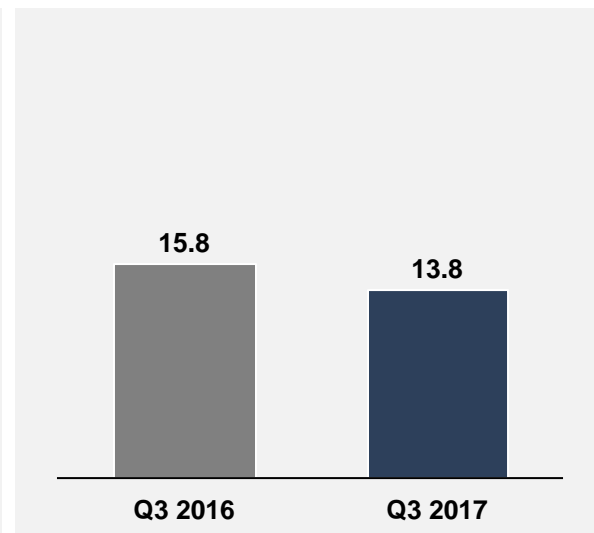
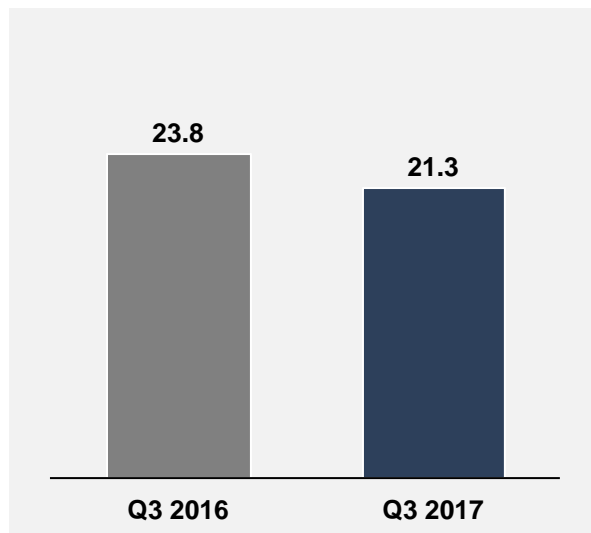
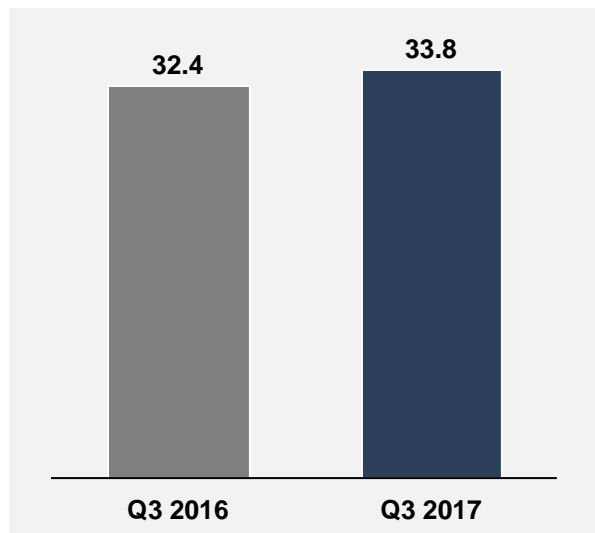


Margin performance differs by region

Europe
(in %)
+140 bp

Americas
(in %)
(250) bp

Asia/Pacific
(in %)
(200) bp



Sales and earnings increase in the first nine months

Group Sales (Jan. - Sep. 2017)

1.998 Mio. EUR  **+2%**
+2% fx-adjusted

EBITDA (before special items)

348 Mio. EUR  **+1%**

Net income

186 Mio. EUR  **+43%**

Sales by Region (Jan. - Sep. 2017)

Europe



+2%
+3% fx-adjusted

Americas



(2)%
(3)% fx-adjusted

Asia/Pacific



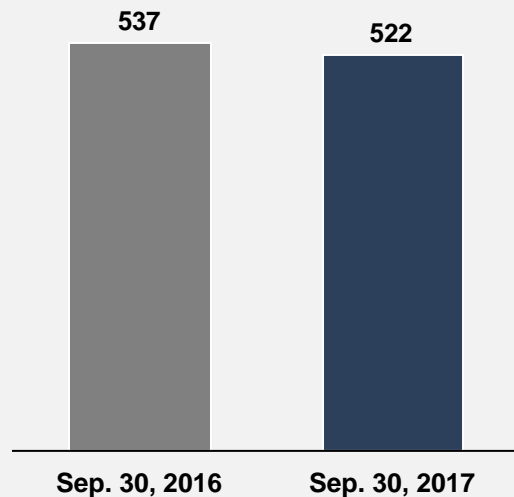
+4%
+5% fx-adjusted

Working capital to sales ratio continues to improve

- Inventory position well controlled
- Trade net working capital up 5%
- Timing effects impact trade receivables

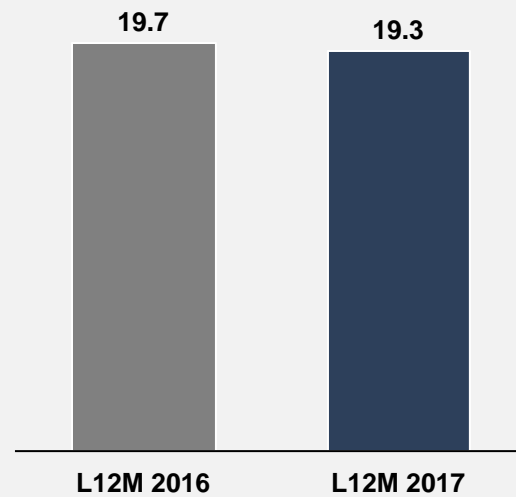
Inventories
(in EUR million)

(3) %
0 % fx-adjusted



**Average trade net working capital
as percentage of sales (in %)**

(40) bp

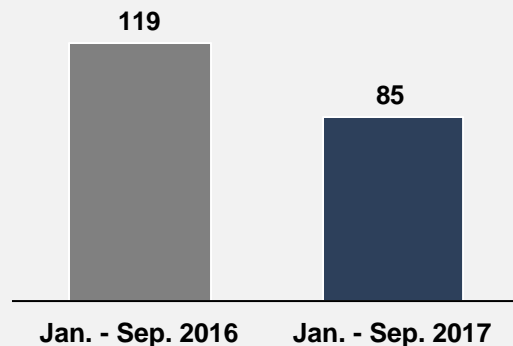


Earnings increase and lower investments drive cash flow growth

Capital expenditure

(in EUR million)

(29) %

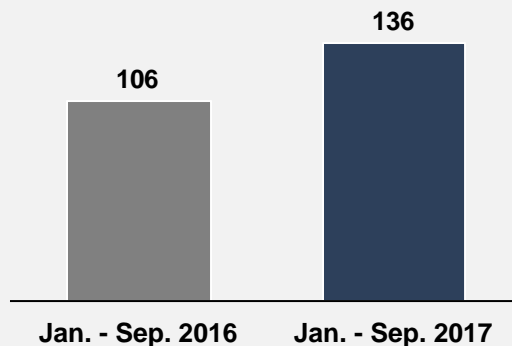


Own retail investments decline

Free cash flow

(in EUR million)

+29 %

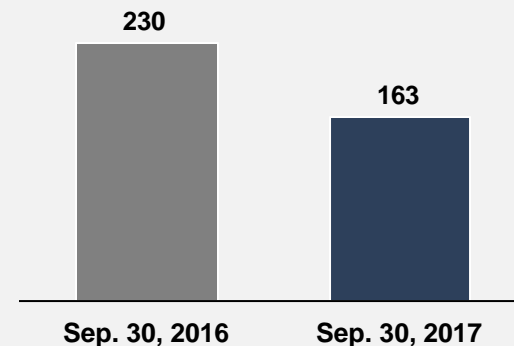


Higher net profit and lower investments

Net financial liabilities

(in EUR million)

(29) %



Free cash flow improvement

Sales outlook upgraded for all three regions



BOSS Store Berlin, Kurfürstendamm

Sales by region*

Europe

Increase at a low single-digit percentage rate

Americas

Largely stable

Asia/Pacific

Increase at a low to mid single-digit percentage rate

* On a currency-adjusted basis.

Increased retail sales outlook reflects better than expected year-to-date performance



Flagship Store Paris, Champs-Élysées

Sales by channel*

Retail

Mid single-digit increase,
low single-digit comp
store sales growth

Wholesale






Decline at a low to mid
single-digit
percentage rate

Licenses

Double-digit growth

* On a currency-adjusted basis.

Operating profit to remain on prior year level in 2017

Sales*	Low single-digit percentage rate increase	
Gross profit margin	Slight increase	
EBITDA before special items	Largely stable	Specification
Consolidated net income	Low double-digit percentage rate increase	
Capital expenditure	EUR 130 million to EUR 150 million	
Free cash flow	Increase to around EUR 250 million	

* On a currency-adjusted basis.

Implementation of strategy realignment is progressing according to plan



HUGO BOSS on track to achieve goals for 2017

Strategy implementation in full swing

New BOSS and HUGO collections will start hitting the stores shortly

New Chief Financial Officer Yves Müller will take office in December



Responsibilities // Controlling, Finance, Central Services,
Investor Relations and IT

2006 – 2017: CFO at Tchibo

1999 – 2006: Head of group accounting and IT at Tchibo

1994 – 1999: Auditor at Arthur Andersen

Q&A

HUGO BOSS

Forward looking statements contain risks

This document contains forward-looking statements that reflect management's current views with respect to future events. The words "anticipate ", "assume ", "believe", "estimate", "expect", "intend", "may", "plan", "project", "should", and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

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